

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 PM-05 H-01 INR-10 L-03
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R 152135Z JUN 78
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TO SECSTATE WASHDC 1202
INFO AMEMBASSY LIMA
AMEMBASSY SANTIAGO
AMEMBASSY QUITO
DIA WASHDC
USCINCSO J2 QUARRY HEIGHTS CZ

C O N F I D E N T I A L SECTION 1 OF 2 LA PAZ 4719

E.O. 11652: GDS
TAGS: PGOV, PINT, BL
SUBJECT: ELECTION OUTLOOK: PEREDA STILL OUT FRONT

1. SUMMARY. WITH EVEVEN CANDIDATES IN THE RUNNING, IT IS DIF-
FICULT TO PREDICT WITH CONFIDENCE THE OUTCOME OF BOLIVIA'S JULY 9,
PRESIDENTIAL ELECTIONS. AT THIS POINT, HOWEVER, WE BELIEVE THAT
JUAN PEREDA, WITH HIS HIGH VISIBILITY AND GOVERNMENT SUPPORT, IS
MOST LIKELY TO EMERGE VICTOR. ALTHOUGH A LATE STARTER, FORMER
PRESIDENT VICTOR PAZ ESTENSSORO HAS BEGUN TO GATHER STEAM. WITH
HIS PERSONAL MAGNETISM AND SHREWD POLITICAL SENSE, HE WILL PRO-
BABLY ECLIPSE HERNAN SILES ZUAZO AND OBTAIN FOR HIS BACKERS THE
FIST "MINORITY" IN A PEREDA-DOMINATED CONGRESS. RENE BERNAL HAS
NOT BEEN ABLE TO TAKE HIS CANDIDACY MUCH BEYOND THE ORURO AREA,
AND HIS CHANCES OF EVEN FINISHING SECOND APPEAR INCREASINGLY
REMOTE. THE OTHER "MILITARY" CANDIDATE, JOSE PATINO, BECAME AN
ELECTORAL STATISTIC ON JUNE 13 WHEN HIS FSB BACKERS DECIDED TO
BOYCOTT THE ELCTIONS. END SUMMARY

2. IN OUR VIEW, DESPITE SUCH PROBLEMS AS UNEVEN INCOME DIS-
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TRIBUTION AND AN INCREASINGLY GLOOMY ECONOMIC OUTLOOK, THE
MOOD OF BOLIVIAN SOCIETY DICTATES CONTINUATION OF THE POLICIES
THAT HAVE PROVED REASONABLY SUCCESSFUL DURING THE BANZER YEARS.
WITH EMPLOYMENT RELATIVELY HIGH, WE BELIEVE MOST BOLIVIANS,
INCLUDING THE MAJORITY OF RURAL VOTERS, WILL BE INCLINED TO
STICK WITH THE SYSTEM THEY HAVE, AND VOTE FOR PEREDA. IN
ADDITION TO BEING THE "CONTINUITY" CANDIDATE, PEREDA ENJOYS THE

SUPPORT OF ALL THE GOVERNMENT AGENCIES, WHICH WILL USE THEIR INFLUENCE AT THE GRASS ROOTS LEVEL TO GET OUT THE VOTE. IN A SENSE, PEREDA'S BIGGEST DISADVANTAGE IS HIMSELF: HE IS STILL A LACKLUSTER POLITICIAN, WITH A WOODEN SPEAKING STYLE THAT OFTEN LEAVES AN IMPRESSION OF INSINCERITY.

3. IF PEREDA WINS, WE EXPECT HIS POLICIES TO CLOSELY RESEMBLE BANZER'S. MANY OF THE SAME FACES WILL REMAIN, INCLUDING MOST OF THE INNER CIRCLE OF ADVISERS WHO HAVE PLAYED KEY ROLES IN BANZER'S GOVERNMENT. MANY OF THE PRESENT CIVILIAN SUB-SECRETARIES WILL BECOME MINISTERS. THIS GROUP, WHICH FORMULATED BOLIVIA'S FIVE-YEAR PLAN, IS NOT INCLINED TOWARDS DRASTIC CHANGES IN ECONOMIC STRUCTURE, NATIONAL DEVELOPMENT POLICY OR FOREIGN POLICY. IT WILL EMPHASIZE NATIONAL PLANNING, A DOMINANT PUBLIC SECTOR (BUT WITH AN IMPORTANT ROLE FOR THE PRIVATE SECTOR), CONTINUED RECOURSE TO FOREIGN DEVELOPMENT FINANCING, STRONG ECONOMIC/COMMERCIAL TIES WITH THE WESTERN NATIONS A FRIENDLY CLIMATE FOR FOREIGN PRIVATE INVESTMENT.

4. AT THIS STAGE, FORMER PRESIDENT VICTOR PAZ ESTENSORRO APPEARS TO BE EMERGING AS PEREDA'S MOST FORMIDABLE OPPONENT. PAZ HAS DEMONSTRATED AN ABILITY TO DRAW LARGE AND ENTHUSIASTIC CROWDS AND TO MAKE POLITICAL CAPITAL OUT OF THE REVOLUTIONARY ACCOMPLISHMENTS OF HIS GOVERNMENTS OF 1952-56 AND 1960-64. WHILE HE HAS CRITICIZED THE BANZER GOVERNMENT IN BROAD TERMS, HE HAS BEEN CAREFUL NOT TO ALIENATE THE MILITARY OR TO RESORT
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TO DEMAGOGUERY. IF ELECTED, HE HAS PLEDGED TO GIVE PRIORITY ATTENTION TO BOLIVIA'S ECONOMIC PROBLEMS, WITH A VIEW BOTH TO STAVING OFF A DEVALUATION AND SHIFTING THE FINANCIAL BURDEN FROM THE POOR TO THOSE BETTER ABLE TO BEAR IT. ALTHOUGH PAZ HAS INVOKED HIS POLITICAL PAST TO SOME ADVANTAGE, PARADOXICALLY HIS RECORD HAS ALSO WORKED AGAINST HIM. MANY RECALL THE PRIVATIONS OF THE MNR YEARS, AND IN THIS SENSE, PAZ IS ALSO AN OLD FACE IN A NATION WHERE CIVILIAN POLITICIANS ARE NOT ALWAYS REMEMBERED FONDLY. IF ELECTED, PAZ WOULD PROBABLY FOLLOW A POLITICAL LINE NOT MUCH DIFFERENT FROM PEREDA'S, ALTHOUGH HIS GOVERNMENT WOULD BE MORE CORRECTLY CHARACTERIZED AS "TRANSITIONAL" THAN ONE OF "CONTINUITY."

5. THE THIRD MAJOR CANDIDATE IS FORMER PRESIDENT HERNAN SILES ZUAZO (1956-60). SILES CAN DRAW ON HIS APPEAL AS THE "MACHO" WHO CREATED THE ARMED REVOLUTION THAT BROUGHT THE MNR TO POWER IN 1952. HE HAS ALSO TAKEN CARE TO CULTIVATE AN IMAGE AS A MAN OF THE PEOPLE WHO CARES DEEPLY ABOUT THE WORKING CLASS. ALTHOUGH HE LACKS THE ELOQUENCE AND CHARISMA OF PAZ, HE HAS STRONG SUPPORT IN THE MINING AND FACTORY SECTORS AND COULD POLL SUBSTANTIAL VOTES IN LA PAZ AND ITS OUTLYING AREAS. SILES' MAJOR HANDICAP IS HIS LEFTIST TINT IMPARTED BY HIS MEXICO AND MOSCOW-

LINE COMMUNIST BACKERS--IN A COUNTRY THAT IS TILL DOMINANTLY CONSERVATIVE. ON BALANCE, WE THINK SILES' CHANCES OF DEFEATING PEREDA ARE SLIM. AS HIS SUPPORT IS LIKELY TO COME FROM THE SAME SECTORS WHICH SYMPATHIZE WITH PAZ CANDIDACY, MOREOVER, HIS CONTINUATION IN THE PRESIDENTIAL RACE WILL PROBABLY END UP BENEFITTING JUAN PEREDA.

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C O N F I D E N T I A L SECTION 2 OF 2 LA PAZ 4719

6. A SILES ZUAZO GOVERNMENT WOULD CERTAINLY ADOPT MORE RADICAL CHANGES IN THE POLITICAL, ECONOMIC, FOREIGN RELATIONS AND SOCIAL POLICY FIELDS. THE EXTENT OF THESE CHANGES WOULD DEPEND ON THE INFLUENCE EXERTED BY THE MOSCOW-LINE COMMUNISTS (WHO HAVE CALLED FOR BREAKING TIES WITH IMF AND NATIONALIZING BANKS, PRIVATE MINES, AND THE US/CANADIAN-OWNED BOLIVIAN POWER CORPORATION), THE MIR, A FORMER GUERRILLA GROUP WHICH CONSIDERS ITSELF THE WAVE OF THE FUTURE (AND WHOSE LEADERS REFUSE TO TALK TO EMBASSY OFFICERS FOR FEAR OF TARNISHING THEIR REVOLUTIONARY IMAGE), AND SILES' SMALL GROUP OF DEVOTED FOLLOWERS IN THE MNRI (WHO ARE LESS THAN IMPRESSIVE). WHILE IT IS DIFFICULT TO PREDICT HOW SILES WOULD RUN HIS GOVERNMENT, IT IS LIKELY THAT THE MIR WOULD EXERCISE PRIMARY INFLUENCE AND THAT IT AND THE COMMUNISTS WOULD PUSH FOR STRUCTURAL ECONOMIC CHANGES, A MORE RADICAL FOREIGN POLICY, LESS RECEPTIVITY TO FOREIGN PRIVATE INVESTMENT, AND COOLER RELATIONS WITH THE UNITED STATES. PRESUMABLY A SILES GOVERNMENT WOULD ENTAIL A WHOLE-SALE CHANGE IN GOVERNMENT PERSONNEL.

7. THE REMAINING SIGNIFICANT CONTENDER IS RENE BERNAL, WHO,
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LIKE PEREDA, WAS A MILITARY OFFICER AND CABINET MEMBER IN BANZER'S GOVERNMENT. BERNAL WILL FIGHT PEREDA FOR THE POLITICAL CENTER AND PAZ ESTENSSORO FOR THE RURAL VOTE. BERNAL'S CANDIDACY HAS BEEN CONFINED MOSTLY TO THE ORURO DEPARTMENT, HOWEVER, AND IT IS UNLIKELY THAT HE WILL PULL IN MANY VOTES ELSEWHERE. THE OTHER "MILITARY" CANDIDATE, JOSE PATINO AYOROA, CAN NO LONGER BE REGARDED AS A SERIOUS CANDIDATE. ON JUNE 13, FSB LEADER MARIO GUTIERREZ ANNOUNCED THAT THE FSB, WHICH HAD SPONSORED PATINO'S PRESIDENTIAL BID, WOULD ABSTAIN FROM THE JULY 9 ELECTIONS.

8. TO SUM UP, IN OUR VIEW THE RACE FOR THE PRESIDENCY IS ESSENTIALLY BETWEEN PEREDA, WITH HIS ADVANTAGES OF CONTINUITY AND ORGANIZATION, AND PAZ, WHO HAS CHARISMA, ELOQUENCE, AND A SOLID RECORD OF REVOLUTIONARY ACHIEVEMENTS. AT THIS JUNCTURE, WE BELIEVE PEREDA'S ADVANTAGES OUTWEIGHT PAZ' AND THAT HE IS LIKELY TO GET AT LEAST A PLURALITY ON JULY 9 AND PERHAPS EVEN A MAJORITY OF VOTES. IF NO CANDIDATE OBTAINS A CLEARCUT MAJORITY, THE PRESIDENT WILL BE ELECTED BY THE NEW CONGRESS. (IN THAT EVENT, A KEY QUESTION WILL BE HOW LONG THIS WILL TAKE, AS DELAY WILL STRENGTHEN THE HAND OF THOSE WHO WANT TO SUBVERT THE ELECTORAL PROCESS.) IF THERE IS A CONGRESSIONAL RUNOFF, WE STILL BELIEVE PEREDA WILL PREVAIL. WITH HIS LATE START AND THE DISADVANTAGES INHERENT TO BEING AN OPPOSITION CANDIDATE, WE DOUBT PAZ COULD POLL A POPULAR MAJORITY. HOWEVER, ASSUMING HIS CAMPAIGN ORGANIZATION GEARS UP AS IT HAS IN THE PAST, IT IS STILL POSSIBLE THAT HE COULD FORCE THE CONTEST INTO THE CONGRESS, WITH AN OUTSIDE CHANCE HE COULD THERE EMERGE THE VICTOR.
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